

Disclosure Report

as at 30 June 2020

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Due to rounding, numbers presented throughout this report may not add up precisely to the totals and percentages provided.

This report is a non-binding translation of the original German version of the Disclosure Report (Offenlegungsbericht).

1. Introduction and general principles

The disclosure is required by the Capital Requirements Regulation (CRR). The objective of disclosure is to strengthen the market discipline of the institutions. For that reason, additional information on the risk profile will be provided for market participants, exceeding the information that have already been published in the Interim Report.

Additional information on the business performance and other significant changes are provided in the Economic Report of the Hamburg Commercial Bank's Interim Report as at 06/30/2020.

In response to the COVID-19 pandemic, the banking authority has introduced a set of supporting measures. However, these supporting measures which are listed, for example, in the EBA/GL/2020/11, EBA/GL/2020/12 and Regulation (EU) 2020/873 are not used by the Hamburg Commercial Bank.

Scope of application

Hamburg Commercial Bank AG is classified as a significant credit institution within the framework of the Single Supervisory Mechanism (SSM) and is directly supervised by the ECB. The consolidated balance sheet total amounts to more than € 30 bn. The bank is not classified as an Other Systemically Important Institution (O-SII) pursuant to Article 131(3) of Directive 2013/36/EU in conjunction with § 10g(2) KWG (German Banking Act).

Hamburg Commercial Bank AG is the superordinate credit institution (parent institution) within the Hamburg Commercial Bank Group. The disclosure according to Part 8 CRR is made pursuant to Article 13(1) CRR for the Hamburg Commercial Bank Group (hereinafter Hamburg Commercial Bank). The companies that belong to the Group within the meaning of § 10a KWG in conjunction with Article 11 CRR (regulatory scope of consolidation) must be taken into account. In contrast to this, the accounting scope of consolidation is to be seen in accordance with international accounting standards (IFRS), as reflected in the Interim Report of Hamburg Commercial Bank Group.

Materiality, proprietary and confidentiality

Article 432(1) CRR allows institutions in principle to waive disclosure of one or more of the information referred to in Part 8 Title II CRR if it is not considered to be material. Generally Hamburg Commercial Bank meets all disclosure requirements without restrictions, with one exception, where an aggregation option due to immateriality is used. To meet the requirements of Article 442 points (d) to (f) CRR, some tables aggregate CRSA exposure classes, which represent an insignificant proportion of the total amount of exposure, into an overall CRSA position. Therefore, Hamburg Commercial Bank defines a maximum proportion of 8 % as insignificant. This corresponds to the regulatory limit for the

permanent use of the standardized approach for credit risk (permanent partial use).

In addition, Article 432(2) CRR allows institutions to refrain from disclosing one or more of the items of information referred to in Part 8 Titles II and III CRR, if those items include information which is regarded as proprietary or confidential. Hamburg Commercial Bank has not made use of this option in this report.

Frequency of disclosure

In accordance with Article 433 CRR, Hamburg Commercial Bank publishes the information required under Part 8 CRR fully once a year as at 12/31.

For information to be disclosed more frequently than once a year, Hamburg Commercial Bank complies with the "Guidelines on materiality, proprietary and confidentiality and on disclosure frequency" (EBA/GL/2014/14, as amended by the EBA/GL/2016/11 Version 2 of 06/09/2017) as well as the BaFin Circular 05/2015 (BA) of 06/08/2015 on the implementation of the EBA Guidelines.

In accordance with Title VII (26) (b) of the amended EBA/GL/2014/14, Hamburg Commercial Bank provides disclosures on own funds, capital requirements, leverage ratio and credit risks semi-annually. In principle Title VII (25) (e) of the EBA/2014/14 requires disclosure of all information which may change rapidly during the year. Hamburg Commercial Bank therefore also publishes essential liquidity key figures semi-annually. Quarterly disclosure is not required as Hamburg Commercial Bank is not systemically relevant.

Means of disclosures

The Disclosure Report is published on Hamburg Commercial Bank's website under "Investor Relations" in accordance with Article 434(1) CRR. The timing and medium of publication are communicated to the supervisory authorities.

Non-relevance and negative declarations

In principle, Hamburg Commercial Bank discloses all information in accordance with Part 8 Titles II and III CRR. However, some of the requirements are not relevant and are therefore not disclosed. With the aim of clarity of disclosure, Hamburg Commercial Bank therefore explicitly lists a negative declaration for the information set out below:

- Hamburg Commercial Bank does not make use of Articles 7 and 9 CRR. Therefore, disclosure is not made in accordance with Article 436 point (e) CRR.

- The capital ratios are calculated exclusively using own funds calculated in accordance with CRR. Accordingly, there is no explanation under Article 437(1)(f) CRR.
- The transitional provisions introducing IFRS 9 in accordance with Article 437a CRR are not used. Therefore, there is no disclosure under EBA/GL/2018/01.
- Hamburg Commercial Bank's portfolio does not include participations that are subject to grandfathering provisions with regard to capital adequacy requirements. Thus, a statement under Article 438(d) subpoint (iv) CRR is omitted.
- As Hamburg Commercial Bank does not calculate risk exposure in accordance with the provisions of Article 153(5) CRR, no disclosure in accordance with the second sentence of Article 438 CRR for specialized lending is made.
- Hamburg Commercial Bank uses the mark-to-market method for determining counterparty credit risk in accordance with Article 274 CRR. No methods based on internal models as referred to in Articles 283 to 294 CRR are used. Accordingly, no information according to Article 439 points (c) and (i) CRR on the correlation risk pursuant to Article 291 CRR or on the estimate of the value α under Article 284 CRR are disclosed.
- Information pursuant to Article 441 CRR is not disclosed, as Hamburg Commercial Bank has not been classified as globally systemically relevant.
- Hamburg Commercial Bank uses its own estimates of LGD and conversion factors for risk position vis-à-vis central governments, central banks, institutions and corporates. Accordingly, there is no separate disclosure under Article 452(d) and (j) subpoint (ii) CRR for exposures where no own estimates of the above parameters are used.
- Hamburg Commercial Bank treats risk positions in retail exclusively using the standardized approach for credit risk. As a consequence, no information under Article 452(c) subpoint (iv) and (f) CRR are disclosed.
- Hamburg Commercial Bank does not use advanced measurement approaches to calculate capital requirements for operational risk. Information pursuant to Article 454 CRR is therefore not presented.
- The assignment of the external rating to the credit quality steps according to Article 444 point (d) CRR is not disclosed as Hamburg Commercial Bank uses the standard mapping of EBA according to Article 270 CRR.
- There is no disclosure under Article 455 CRR as no internal market risk model is applied.

2. Own funds and capital requirements

2.1. Own funds structure and key figures

For the disclosure of own funds pursuant to Article 437(1) points (a), (b), (d) and (e) CRR, Hamburg Commercial Bank follows the Implementing Regulation (EU) 1423/2013 laying down implementing technical standards for institutions' own funds disclosure obligations pursuant to CRR. Full disclosure takes place on an annual basis. Semi-annual, information on own funds and capital ratios is

disclosed in accordance with paragraph 26(b) in conjunction with paragraph 25(a) of the amended EBA/GL/2014/14.

The following Table KM1 follows the proposals of BCBS 455 for the disclosure of own funds, capital ratios and other rapidly changing information. The Net Stable Funding Ratio (NSFR) is shown in the Risk Report of the Hamburg Commercial Bank's Interim Report as at 06/30/2020.

[Tab. 1] KM1: Key figures

	06/30/2020	12/31/2019
Composition of own funds for regulatory purposes in € m		
1 Common Equity Tier 1 capital (CET1)	4,129	3,893
of which: CET1 before regulatory adjustments	4,339	4,320
of which: Regulatory adjustment of CET1	- 209	- 428
Additional Tier 1 capital (AT1)	-	-
of which: AT1 before regulatory adjustments	-	-
of which: Regulatory adjustment of AT1	-	-
2 Tier 1 capital (T1 = CET1 + AT1)	4,129	3,893
Tier 2 capital (T2)	1,015	1,045
of which: T2 before regulatory adjustments	1,015	1,045
of which: Regulatory adjustment of T2	-	-
3 Total capital (TC = T1 + T2)	5,144	4,938
Total risk exposure amount		
4 Total RWAs	19,046	21,005
Capital ratios as a percentage of total risk exposure		
5 Common Equity Tier 1 (CET1) capital ratio	21.7	18.5
6 Tier 1 capital ratio	21.7	18.5
7 Total capital ratio	27.0	23.5
Capital buffers as a percentage of total risk exposure		
8 Capital conservation buffer requirement	2.5	2.5
9 Institution specific countercyclical buffer requirement	0.0	0.1
10 Buffer for global/other systematically important institutions	-	-
11 Institution specific buffer requirements (rows 8 + 9 + 10)	2.5	2.6
12 CET1 available after meeting the bank's minimum capital requirements	17.2	14.0
Leverage ratio		
13 Total leverage ratio exposure measure in € m	41,788	47,517
14 Leverage ratio in %	9.9	8.2
Liquidity Coverage Ratio (LCR)		
15 Liquidity buffer in € m	7,945	9,595
16 Total net cash outflow in € m	4,792	4,975
17 LCR ratio in %	166.2	194.2

Explanation of significant changes

Common Equity Tier 1 capital ratio increased by 3.2 percentage points to 21.7 %. The increase in CET1 compared to the previous period is mainly caused by the decrease of deductions of the CET1. The RWA changes are disclosed in Section 2.2.

The leverage ratio increases to 9.9 % especially due to the decline in the total exposure measure and, to a lesser extent, due to the increase in Tier 1 capital. The reduction of the total exposure measure is caused by the portfolio decline.

The liquidity coverage ratio LCR is disclosed as an average value of the last 12 months. Therefore, it differs from the reporting

date related disclosure in the Interim Report of Hamburg Commercial Bank as at 06/30/2020. With a declining balance sheet and correspondingly reduced liquidity risks, a less LCR is possible.

Terms and conditions of equity instruments

In accordance with Article 437(1)(c) CRR, the regulatory equity instruments of Hamburg Commercial Bank are essentially composed as follows:

- The share capital amounts to € 3,018 m.
- The reserves of € 1,250 m comprise capital reserves (€ 79 m), other retained earnings (€ 231 m) and Group retained earnings (€ 940 m).

- The Tier 2 capital amounts to € 1,015 m and consists of longer-term subordinated liabilities of € 933 m and an eligible excess of € 82 m for advanced IRBA positions in accordance with Article 62(1)(d) CRR.
- Subordinated debt was issued in the form of promissory notes, registered or bearer bonds and is denominated in Euro and US Dollar. The original maturities range from 15 to 40 years. The interest rate is between 0.0 % p.a. and 6.5 % p.a.

The following table provides more detailed information on conditions of the eligible equity components.

[Tab. 2] Terms and conditions of own funds instruments

	Allocable total amount in € m			Remaining maturity < 5 years in € m	Remaining maturity >= 5 years in € m	Avg. remaining maturity in years	Avg. interest rate in % ¹⁾
	of which CET1	of which AT1	of which T2				
Ordinary shares of Hamburg Commercial Bank AG	3,018	–	–	–	–	–	–
Allocable share capital of other entities included in the regulatory scope of consolidation	–	–	–	–	–	–	–
Silent participations with limited allocability, subject to transitional rules, indefinite and without payment triggers	–	–	–	–	–	–	–
Silent participations with limited allocability, subject to transitional rules, limited or with payment triggers	–	–	–	–	–	–	–
Profit participation certificates	–	–	–	–	–	–	–
Permanently eligible subordinated liabilities	–	–	933	16	917	13	0.9
Subordinated liabilities subject to a transitional rule	–	–	–	–	–	–	–

¹⁾ Information on interest rates relates to interest payments actually made.

2.2. Capital requirements

Pursuant to Article 438 points (c) to (f) CRR in conjunction with paragraph 69 of EBA/GL/2016/11 capital requirements relevant to Hamburg Commercial Bank are shown in Table OV1. Additionally, in Table 438cd this account is supplemented by an overview by exposure classes to fully meet the requirements of Article 438 CRR. The capital requirements are explained below.

Credit risk and counterparty credit risk

Following approval by the responsible authorities, Hamburg Commercial Bank determines all risk parameters required to determine the risk weight internally. The risk-weighted position amounts for credit risk are thus calculated using the IRB approach in accordance with Part 3 Title II Chapter 3 CRR.

However, in the context of partial use, the standardized approach for credit risk in accordance with Part 3 Title II Chapter 2 CRR is applied for individual risk positions and for the companies to be consolidated. For this reason, information on the capital requirements for credit risk is presented in accordance with both the advanced IRB approach and the standardized approach for credit risk. In addition, the capital requirements for the risk arising from contributions to the default fund of a central counterparty are disclosed in accordance with Articles 307 to 309 CRR.

Hamburg Commercial Bank uses the PD/LGD approach and the simple risk-weight approach to determine the capital requirements for equity investments using the IRB approach. In addition, significant investments in a financial sector entity are separately backed by own funds in accordance with Article 48 CRR, provided that these are not deducted from own funds.

The capital requirements for credit risk (including counterparty credit risk and securitization risk, excluding deferred taxes) amounts to € 1,069 m. For an overall view, capital requirement in the amount of € 219 Mio. € pursuant to Article 3 CRR must be added to the credit risk. That leads to a decrease in credit risk to € 1,289 m compared to the previous period. The reduction in the capital requirements for credit risk mainly results from further portfolio reductions.

The additional risk position in accordance with Article 3 CRR anticipates capital requirements resulting from forthcoming recalibrations, further developments and methodological revisions of individual IRB rating modules which have not yet been approved by the supervisory authorities, including in the context of new supervisory frameworks and regulations.

Market risk

Hamburg Commercial Bank uses the standard procedures set out in Part 3 Title IV Chapters 2 to 4 CRR to determine capital requirements for market risks.

The capital requirements for market risks of € 27 m comprise € 11 m for position risk and € 16 m for exchange rate risk. There is no commodity risk.

Operational risk

Hamburg Commercial Bank uses the standardized approach pursuant to Article 317 CRR to determine the capital requirement for operational risks. As at the reporting date, the capital requirement amounts to € 109 m.

Overall capital requirements

In addition to credit risk, market risk and operational risk, Hamburg Commercial Bank also considers the risk of an adjustment to credit valuation (CVA risk) with own funds in accordance with Part 3 Title VI CRR. As at the reporting date, the capital requirements amounts to € 14 m.

There were no capital requirements for the settlement risk pursuant to Part 3 Title V CRR and large exposures according to Article 92(3) point (b) subpoint (ii) CRR.

There are further capital requirements pursuant to Articles 48 and 60 CRR amounting to € 85 m, which mainly result from deferred taxes. Deferred taxes are included in Table OV1 in row 27 and in Table 438cd in the IRBA exposure class "Other non credit-obligation assets".

As at the reporting date, total own funds requirements amounted to € 1,524 m.

[Tab. 3] OV1: Overview of risk weighted assets (RWA) in € m

		a	b	c	
		RWAs		Minimum capital requirements	
		06/30/2020	12/31/2019	06/30/2020	
	1	Credit risk (excluding CCR)	12,487	14,746	999
Art. 438 (c)(d)	2	Of which the standardised approach	633	654	51
Art. 438 (c)(d)	3	Of which the foundation IRB (FIRB) approach	–	–	–
Art. 438 (c)(d)	4	Of which the advanced IRB (AIRB) approach	11,650	13,811	932
Art. 438 (d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	204	280	16
Art. 107 Art. 438 (c)(d)	6	CCR	969	894	78
Art. 438 (c)(d)	7	Of which mark to market	793	692	63
Art. 438 (c)(d)	8	Of which original exposure	–	–	–
	9	Of which the standardised approach	–	–	–
	10	Of which internal model method (IMM)	–	–	–
Art. 438 (c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	1	1	0
Art. 438 (c)(d)	12	Of which CVA	176	201	14
Art. 438 (e)	13	Settlement risk	–	–	–
Art. 449 (o)(i)	14	Securitization exposures in the banking book (after the cap)	88	54	7
	15	Of which IRB approach	–	–	–
	16	Of which IRB supervisory formula approach (SFA)	–	–	–
	17	Of which internal assessment approach (IAA)	–	–	–
	18	Of which standardised approach	88	54	7
Art. 438 (e)	19	Market risk	337	191	27
	20	Of which the standardised approach	337	191	27
	21	Of which IMA	–	–	–
Art. 438 (e)	22	Large exposures	–	–	–
Art. 438 (f)	23	Operational risk	1,366	1,501	109
	24	Of which basic indicator approach	–	–	–
	25	Of which standardised approach	1,366	1,501	109
	26	Of which advanced measurement approach	–	–	–
Art. 437 (2), Art. 48, Art. 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	1,060	1,057	85
Art. 500	28	Floor adjustment	–	–	–
		Additional risk exposure amount due to Article 3 CRR	2,740	2,561	219
	29	Total	19,046	21,005	1,524

[Tab. 4] 438cd: Capital requirements by exposure class in € m

Exposure class	RWAs		Capital requirements
	06/30/2020	12/31/2019	06/30/2020
Standardised Approach (CRSA)			
Central governments or central banks	–	–	–
Regional governments or local authorities	0	0	0
Public sector entities	52	38	4
Multilateral development banks	–	–	–
International organisations	–	–	–
Institutions	29	28	2
Corporates	554	575	44
Retail exposures	2	6	0
Exposures secured by mortgages on immovable property	19	21	2
Exposures in default	2	3	0
Exposures associated with particularly high risk	9	12	1
Covered bonds	–	–	–
Securitizations	88	54	7
Exposures to institutions and corporates with a short-term credit assessment	–	–	–
Shares in collective investment undertakings	–	–	–
Equities	–	–	–
Other items	–	–	–
Total CRSA	754	737	60
Advanced Internal Rating Based Approach (AIRB)			
Central governments and central banks	170	199	14
Institutions	435	521	35
Corporates	11,602	13,407	928
of which: Specialised lending	6,728	8,027	538
of which: SMEs	368	507	29
of which: Other	4,506	4,872	360
Retail exposures	–	–	–
Equity holdings	285	342	23
of which: Equity holdings using the PD/LGD approach	81	61	6
of which: Equity holdings using the simple risk weight approach	204	280	16
of which: Significant equity holdings in a financial sector entity (250%)	1	1	0
of which: Equity holdings using internal models	–	–	–
Securitizations	–	–	–
Other non credit-obligation assets	1,181	1,343	94
Total AIRB	13,673	15,812	1,094
Total	14,427	16,549	1,154

3. Default risk

Hamburg Commercial Bank complies with EBA/GL/2016/11 for the disclosure of default risk. Counterparty credit risk and securitizations are not considered within the tables of this section as they are presented separately. Exceptions are described explicitly. In this section "Other non credit-obligation assets" are shown without the values for deferred taxes.

As Hamburg Commercial Bank, as an IRBA institute, complies with the regulatory upper limit in the context of permanent partial use and therefore the CRSA portfolio is of no material importance, in this section the CRSA exposure classes are aggregated into one position. Tables CR4 and CR5 according to EBA/GL/2016/11 are an exception, in which the assignment of the CRSA exposure classes are shown in detail.

3.1. Credit risk adjustments

Tables CR1-A to CR1-C disclose, in accordance with Article 442 points (g) and (h) CRR in conjunction with paragraph 84 to 89 of

EBA/GL/2016/11, book values and credit risk adjustments (without Additional Value Adjustments (AVA) according to 105 CRR) per exposure class, economic activity and geographical area. The disclosure is based on the geographical and sectoral breakdown used in the Annual Report. Further Information is not significant..

According to paragraph 38 of EBA/OP/2017/02 risk provision under IFRS 9 is to be regarded as a specific credit risk adjustment. Therefore, column d always remains empty.

Forborne and non-performing exposures are disclosed annually in accordance with EBA/GL/2018/10. Tables CR1-D and CR1-E of EBA/GL/2016/11 are therefore omitted in accordance with paragraph 17 of this guideline.

The reduction in gross carrying amounts compared with the previous period is due to portfolio declines.

[Tab. 5] CR1-A: Credit quality of exposures by exposure class and instrument in € m

	a	b	c	d	e	f	g
Exposure class	Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1 Central governments and central banks	–	8,179	0	–	–	–5	8,179
2 Institutions	–	3,134	0	–	–	0	3,134
3 Corporates	1,214	30,090	806	–	32	–117	30,498
4 Of which: Specialised lending	711	19,057	418	–	8	–250	19,350
5 Of which: SMEs	88	1,310	35	–	12	–26	1,363
6 Retail	–	–	–	–	–	–	–
14 Equity	0	89	–	–	38	–	89
Other non credit-obligation assets	–	156	–	–	–	–	156
15 Total IRBA	1,214	41,649	806	–	70	–122	42,057
35 Total CRSA	14	1,411	6	–	0	0	1,419
36 Total	1,228	43,060	813	–	70	–121	43,475
37 Of which: Loans	1,120	30,605	776	–	32	–122	30,950
38 Of which: debt securities	–	6,151	0	–	–	–4	6,151
39 Of which: Off-balance-sheet exposures	107	6,157	37	–	0	4	6,228

[Tab. 6] CR1-B: Credit quality of exposures by industry or counterparty types in € m

	a		b		c	d	e	f	g
	Gross carrying values of		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a+b-c-d)
1	Main Branch								
1	Credit institutions	–	3,763	0	–	–	–0	3,762	
2	Other financial institutions	0	1,209	1	–	24	0	1,208	
3	Public sector	–	8,452	1	–	–	–6	8,451	
4	Private Households	2	285	3	–	0	1	284	
5	Properties and buildings	344	9,625	151	–	–	79	9,817	
6	Shipping	564	4,083	351	–	8	–321	4,296	
7	Industry	133	7,573	112	–	11	25	7,594	
8	Trade and transport	71	2,360	71	–	1	12	2,360	
9	Other services	113	5,392	122	–	26	88	5,383	
10	Other	0	319	0	–	–	0	319	
11	Total	1,228	43,060	813	–	70	–121	43,475	

[Tab. 7] CR1-C: Credit quality of exposures by geography in € m

	a		b		c	d	e	f	g
	Gross carrying values of		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a+b-c-d)
1	Main region								
1	Germany	531	26,668	434	–	35	42	26,765	
2	Eurozone (w/o Germany)	42	10,003	110	–	11	–30	9,935	
3	Western Europe (w/o Eurozone)	308	3,006	121	–	7	50	3,193	
4	Eastern Europe (w/o Eurozone)	21	215	8	–	4	–1	229	
5	African countries	22	452	29	–	–	6	444	
6	North America	–	916	18	–	–	14	898	
7	Latin America	94	247	43	–	13	39	299	
8	Middle East	–	92	1	–	–	1	91	
9	Asia Pacific Region	209	1,310	49	–	–	–243	1,471	
10	International organisations	–	136	0	–	–	–0	136	
11	Other	–	14	–	–	–	–	14	
12	Total	1,228	43,060	813	–	70	–121	43,475	

Table CR2-A provides information concerning the changes in the stock of general and specific credit risk adjustments of loans and debt securitizations according to Article 442(i) CRR in conjunction with paragraph 91 of EBA/GL/2016/11. Except for exchange rate effects, data is transferred directly from FINREP. Due to the different description for securitization positions and different considerations of provisions the data cannot be compared with Table CR1-A to

CR1-C as they are based on the regulatory reporting (COREP). The structure of the table correspond to the disclosure in FINREP reporting form F12.01 and therefore deviates from the template of EBA/GL/2016/11.

The amount of the specific credit risk adjustments directly transferred to the Profit and Loss according to the last sentence of Article 442 CRR is also presented in Table CR2-A.

[Tab. 8] CR2-A: Changes in the stock of general and specific credit risk adjustments in € m

	a	b
	Accumulated specific credit risk adjustments	Accumulated general credit risk adjustments
1 Opening balance 12/31/2019	762	-
2 Increases due to origination and acquisition	+ 277	-
3 Decrease due to derecognition repayments and disposals	- 184	-
4 Changes due to change in credit risk (net)	+ 5	-
5 Changes due to modifications without derecognition (net)	-	-
6 Changes due to update in the institution's methodology for estimation (net)	-	-
7 Decrease in allowance account due to write-offs	- 33	-
8 Impact of exchange rate differences	- 3	-
9 Business combinations, including acquisitions and disposals of subsidiaries	-	-
10 Other adjustments	-	-
11 Closing balance 06/30/2020	825	-
12 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	- 4	-
13 Specific credit risk adjustments directly recorded to the statement of profit or loss	+ 5	-

In addition to Table CR2-A, further information concerning a reconciliation of exposures in default is provided in Table CR2-B (also based on FINREP) according to Article 442 point (i) CRR in conjunction with paragraph 92 of EBA/GL/2016/11. All defaulted loans and debt securities are listed in the table regardless of whether there is an impairment or not.

[Tab. 9] CR2-B: Changes in the stock of defaulted and impaired loans and debt securities in € m

	a
	Gross carrying value defaulted exposures
1 Opening balance 12/31/2019	1,425
2 Loans and debt securities that have defaulted or impaired since the last reporting period	441
3 Returned to non-defaulted status	-
4 Amount written off	- 32
5 Other changes	- 386
6 Closing balance 06/30/2020	1,448

3.2. COVID-19

As at 06/02/2020, the European Banking Authority introduced new guidelines with regard to regulatory reporting and disclosure of exposures in response to the COVID-19 pandemic.

The following tables are subject to the COVID-19 measures according to EBA/GL/2020/07 and essentially provide an overview of legislative and non-legislative moratoria on loan repayments and public guarantees.

According to EBA/GL/2020/02 selected positions of the monthly reported FINREP COVID-19 Tables (F90 to F93) are disclosed within the following tables. The valuation of the individual transactions is made in connection with EBA/GL/2020/07.

The majority of the moratoria and public state guarantees was granted within the sector other professional, scientific and technical activities. Another significant part was granted within wholesale.

Table 10 provides an overview of the credit quality with regard to loans subject to moratoria in connection with COVID-19 (legislative and non-legislative). The disclosure is only made for loans for which the measure has been granted.

Currently, the Hamburg Commercial Bank has two applicable moratoria subject to the COVID-19 crisis. First, a moratorium that is applicable for consumer loans according to article 240 EGBGB comprising a deferral of repayments and interest repayments. Second, a non-legislative private moratorium granting a postponement for repayments subject to commercial property financing.

Table 11 indicates a breakdown of the loans by the residual maturity of the moratoria. Hereby, the entirety is related to the loans that are indicated in Table 10.

Table 12 shows newly originated loans subject to public guarantee schemes in response to the COVID-19 pandemic. These guarantees exclusively relate to collateralised loans by the KfW. The maximum guaranteed amount is based on a potential draw-down and thereby does not reflect the current called guarantees. The total amount of newly originated loans and advances subject to public guarantee schemes amounts to € 42 m of which € 27 m is assigned to non-financial corporations. The remaining amount of € 15 m is assigned to other financial corporations within wholesale. This position is not separately indicated in the table.

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[Tab. 10] Information on loans and advances subject to legislative and non-legislative moratoria

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o		
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount		
	Performing				Non performing				Performing				Non performing				Inflows to non-performing exposures
		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days				
1	Loans and advances subject to moratorium	11	11	-	0	-	-	-	-0	-0	-	-0	-	-	-	-	
2	of which: Households	0	0	-	0	-	-	-	-0	-0	-	-0	-	-	-	-	
3	of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	of which: Non-financial corporations	10	10	-	-	-	-	-	-0	-0	-	-	-	-	-	-	
5	of which: Small and Medium-sized Enterprises	10	10	-	-	-	-	-	-0	-0	-	-	-	-	-	-	
6	of which: Collateralised by commercial immovable property	10	10	-	-	-	-	-	-0	-0	-	-	-	-	-	-	

[Tab. 11] Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

	a	b	c	d	e	f	g	h	i	
	Number of obligors	Gross carrying amount								
		Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria						
				<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year		
1	Loans and advances for which moratorium was offered	9	140							
2	Loans and advances subject to moratorium (granted)	2	11	0	-	0	10	-	-	-
3	of which: Households		0	0	-	0	-	-	-	-
4	of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
5	of which: Non-financial corporations		10	-	-	-	10	-	-	-
6	of which: Small and Medium-sized Enterprises		10	-	-	-	10	-	-	-
7	of which: Collateralised by commercial immovable property		10	-	-	-	10	-	-	-

[Tab. 12] Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes	42	-	34	-
2	of which: Households	-			-
3	of which: Collateralised by residential immovable property	-			-
4	of which: Non-financial corporations	27	-	22	-
5	of which: Small and Medium-sized Enterprises	3			-
6	of which: Collateralised by commercial immovable property	6			-

3.3. Use of credit risk mitigation techniques

Collateralized exposure values

The two following tables show the scope of used credit risk mitigation techniques in accordance with Article 453 points (f) and (g) CRR.

In the case of the standardized approach for credit risk, financial and tangible security and guarantees are taken into account. Under advanced IRBA financial, tangible and other collateral are included in LGD calculation. Guarantees and credit derivatives can be

taken into account either in LGD calculation or through PD substitution. Here, the secured part of the receivables is given the guarantors' PD. However, collateral taken into account in calculating the PD is not shown here. Life insurance is accounted for in accordance with Article 232 CRR. There were no material changes in the recognition of collateral in the reporting period.

An overview with regard to the scope of credit risk mitigation for total loans, debt securities and off-balance exposure according to paragraph 94 of EBA/GL/2016/11 is given in Table CR3.

[Tab. 13] CR3: CRM techniques – overview in € m

	a	b	c	d	e
	Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1 Total loans	13,911	17,037	13,926	632	-
2 Total debt securities	6,151	-	-	-	-
Off-Balance exposure	3,914	2,314	1,671	231	-
3 Total exposures	23,976	19,351	15,597	863	-
4 Of which defaulted	729	544	394	11	-

In addition to Table CR3, the following table shows pursuant with Article 453 points (f) and (g) CRR the scope of credit risk mitigation techniques by exposure class as well as by equity exposure approach according to

Article 155 CRR. Within this table the limitations of Table CR3 according to EBA/GL/2016/11 are not applicable, so that counterparty credit risk exposures are included. Securitizations remain omitted.

[Tab. 14] 453g: Total amount of collateralized exposure values (without securitizations) in € m

	Financial collateral	Other and physical collateral	Guarantees / credit derivatives
Central governments and central banks	-	-	-
Institutions	381	29	38
Corporates - Specialised lending	21	11,036	393
Corporates - SME	7	888	28
Corporates - Other	106	3,628	361
Retail	-	-	-
Equities	-	-	-
of which: Equities acc. to Article 155(3) CRR	-	-	-
of which: Equities acc. to Article 155(2) CRR	-	-	-
of which: Equities acc. to Article 155(4) CRR	-	-	-
Other non credit-obligation assets	-	-	-
Total IRBA	515	15,582	821
Total CRSA	364	49	76
Total	879	15,631	897

3.4. Use of external ratings and standardized approach

As mentioned before, in this Disclosure Report CRSA exposures are aggregated to one position due to materiality. Exceptions within this Section are Tables CR4 and CR5 according to EBA/GL/2016/11. In these tables, CRSA exposures are presented in detail.

CRSA exposure under regulatory risk weights

In order to determine the capital requirements, the standardized approach for credit risk require risk-weighted exposures (the product of risk weight and exposure value) to be created. The risk

weights have to be used, that depend on exposure classes and the published standard assignments of external ratings in accordance with Article 270 CRR.

Table CR4 shows - in accordance with Article 453 points (f) and (g) CRR in conjunction with paragraphs 95, 98 and 99 of EBA/GL/2016/11 – the effect of credit risk mitigation techniques for the standardized approach for the calculation of capital requirements, broken down by exposure class.

[Tab. 15] CR4: Standardized approach – credit risk exposure and CRM effects in € m

Exposure class	a		b		c		d		e		f	
	Exposures before CCF and CRM				Exposures post CCF and CRM				RWAs and RWA density			
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density in %	RWAs	RWA density in %	RWAs	RWA density in %
1 Central governments or central banks	5	–	6	–	–	–	–	–	–	–	–	–
2 Regional government or local authorities	0	–	0	–	0	–	0	14.0	0	14.0	0	14.0
3 Public sector entities	400	0	309	0	309	0	52	16.9	52	16.9	52	16.9
4 Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
5 International organisations	50	–	50	–	50	–	–	–	–	–	–	–
6 Institutions	96	1	96	1	96	1	20	20.1	20	20.1	20	20.1
7 Corporates	667	131	497	35	497	35	530	99.8	530	99.8	530	99.8
8 Retail	2	1	1	0	1	0	1	71.4	1	71.4	1	71.4
9 Secured by mortgages on immovable property	43	5	43	3	43	3	19	41.2	19	41.2	19	41.2
10 Exposures in default	1	8	1	0	1	0	2	115.1	2	115.1	2	115.1
11 Higher-risk categories	5	2	5	1	5	1	9	150.0	9	150.0	9	150.0
12 Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–
13 Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
14 Collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–
15 Equity	–	–	–	–	–	–	–	–	–	–	–	–
16 Other items	–	–	–	–	–	–	–	–	–	–	–	–
17 Total	1,270	148	1,009	40	1,009	40	633	60.3	633	60.3	633	60.3

Table CR5 lists the CRSA risk exposure by exposure class and risk weight in accordance with Article 444 point (e) CRR in conjunction with paragraph 100 of EBA/GL/2016/11. Substitution effects lead to the replacement from originally higher risk weights to lower risk weights. CR5 specifies in the EBA/GL/2016/11 only that part of requirement in Article 444 point (e) CRR that relates to exposures af-

ter credit risk mitigation. For reasons of materiality, the risk exposures by credit rating level before credit risk mitigation are not disclosed.

The allocation of positions to risk weights is made without taking into account the deduction provided in Article 501(1) CRR.

[Tab. 16] CR5: Standardized approach – exposure values in € m

Exposure class	Risk weight									
	0%	2%	4%	10%	20%	35%	50%	70%	75%	
1 Central governments or central banks	6	–	–	–	–	–	–	–	–	–
2 Regional government or local authorities	0	–	–	–	0	–	–	–	–	–
3 Public sector entities	47	–	–	–	262	–	–	–	–	–
4 Multilateral development banks	–	–	–	–	–	–	–	–	–	–
5 International organisations	50	–	–	–	–	–	–	–	–	–
6 Institutions	–	–	–	–	97	–	0	–	–	–
7 Corporates	–	–	–	–	–	–	–	0	–	–
8 Retail	–	–	–	–	–	–	–	–	–	2
9 Secured by mortgages on immovable property	–	–	–	–	–	23	23	–	–	–
10 Exposures in default	–	–	–	–	–	–	–	–	–	–
11 Higher-risk categories	–	–	–	–	–	–	–	–	–	–
12 Covered bonds	–	–	–	–	–	–	–	–	–	–
13 Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–
14 Collective investment undertakings	–	–	–	–	–	–	–	–	–	–
15 Equity	–	–	–	–	–	–	–	–	–	–
16 Other items	–	–	–	–	–	–	–	–	–	–
17 Total	103	–	–	–	359	23	23	0	2	–

Exposure class	Risk weight							Total	of which unrated
	100%	150%	250%	370%	1250%	Others	Deducted		
1 Central governments or central banks	-	-	-	-	-	-	-	6	6
2 Regional government or local authorities	-	-	-	-	-	-	-	0	0
3 Public sector entities	-	-	-	-	-	-	-	309	309
4 Multilateral development banks	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	50	50
6 Institutions	-	-	-	-	-	-	-	97	97
7 Corporates	531	-	-	-	-	-	-	531	531
8 Retail	-	-	-	-	-	-	-	2	2
9 Secured by mortgages on immovable property	-	-	-	-	-	-	-	46	46
10 Exposures in default	1	0	-	-	-	-	-	2	2
11 Higher-risk categories	-	6	-	-	-	-	-	6	6
12 Covered bonds	-	-	-	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-	-	-	-
15 Equity	-	-	-	-	-	-	-	-	-
16 Other items	-	-	-	-	-	-	-	-	-
17 Total	532	6	-	-	-	-	-	1,049	1,049

3.5. IRB approach

Quantitative information on the use of the IRB approach

Table CR6 shows the credit risk exposures in accordance with Article 452 points (e) and (g) CRR in conjunction with paragraphs 104 to 107 of EBA/GL/2016/11 allowing for credit risk mitigation techniques.

In addition to the credit risk exposures, parameters for calculating capital requirements using IRBA models are disclosed for each exposure class and rating range. As Hamburg Commercial

Bank does not calculate retail business using the IRB approach and does not use internal models under Article 155(4) CRR, these rows remain empty. The bank uses only the advanced IRB approach (AIRB). Therefore, a separate table for the foundation IRB approach (FIRB) is not presented.

The credit risk exposures include purchased corporate receivables amounting to € 179 m. No separate disclosure has been made for reasons of materiality.

[Tab. 17] CR6: IRB approach – credit risk exposures by exposure class and PD range in € m

Exposure class	PD scale	a Original on-balance-sheet gross exposures	b Off-balance-sheet exposures pre-CCF	c Average CCF in %	d EAD post CRM and post CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWAs	j RWA density in %	k EL	l Value adjustments and provisions
Central governments and central banks													
	0.00 to < 0.15	8,080	10	93.6	8,090	–	21	22.9	2.5	73	0.9	0	
	0.15 to < 0.25	–	–	–	–	–	1	–	–	–	–	–	
	0.25 to < 0.50	30	–	–	30	0.3	4	38.6	2.5	15	51.5	0	
	0.50 to < 0.75	–	–	–	–	–	–	–	–	–	–	–	
	0.75 to < 2.50	59	–	–	59	2.0	1	40.0	5.0	82	137.8	0	
	2.50 to < 10.00	–	–	–	–	–	–	–	–	–	–	–	
	10.00 to < 100.00	–	–	–	–	–	–	–	–	–	–	–	
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
	Subtotal	8,169	10	93.6	8,179	0.0	27	23.1	2.5	170	2.1	1	0
Institutions													
	0.00 to < 0.15	2,789	29	35.5	2,799	0.1	85	15.5	3.1	291	10.4	0	
	0.15 to < 0.25	182	–	–	182	0.2	6	14.8	3.9	33	18.3	0	
	0.25 to < 0.50	134	–	–	134	0.3	8	8.1	1.8	15	11.1	0	
	0.50 to < 0.75	–	–	–	–	–	–	–	–	–	–	–	
	0.75 to < 2.50	0	–	–	0	2.0	1	62.6	1.0	0	140.7	0	
	2.50 to < 10.00	–	–	–	–	–	1	–	–	–	–	–	
	10.00 to < 100.00	–	–	–	–	–	1	–	–	–	–	–	
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
	Subtotal	3,105	29	35.5	3,116	0.1	97	15.1	3.1	340	10.9	0	0
Corporates - Specialised lending													
	0.00 to < 0.15	4,893	591	40.6	5,132	0.1	231	19.8	2.8	616	12.0	1	
	0.15 to < 0.25	1,360	105	39.2	1,401	0.2	64	20.5	2.6	241	17.2	0	
	0.25 to < 0.50	3,580	835	37.8	3,896	0.3	159	25.2	2.7	1,197	30.7	3	
	0.50 to < 0.75	1,848	513	40.4	2,055	0.6	68	26.9	2.6	887	43.1	3	
	0.75 to < 2.50	3,812	568	39.1	4,034	1.4	184	23.4	2.4	1,993	49.4	13	
	2.50 to < 10.00	597	13	24.3	600	5.0	36	30.6	2.5	539	89.9	9	
	10.00 to < 100.00	341	2	37.0	342	18.4	17	28.9	2.4	433	126.7	19	
	100.00 (Default)	709	2	37.2	710	100.0	31	55.0	3.4	393	55.3	359	
	Subtotal	17,139	2,628	39.2	18,169	4.9	790	24.5	2.7	6,299	34.7	409	419
Corporates - SME													
	0.00 to < 0.15	348	13	43.3	353	0.1	32	7.9	2.7	13	3.7	0	
	0.15 to < 0.25	67	62	42.1	93	0.2	15	29.6	2.5	21	23.1	0	
	0.25 to < 0.50	285	153	36.9	342	0.4	34	17.0	2.9	71	20.8	0	
	0.50 to < 0.75	55	16	42.1	62	0.6	14	43.4	3.1	42	68.7	0	
	0.75 to < 2.50	246	42	38.2	262	1.3	32	27.4	2.8	144	54.9	1	
	2.50 to < 10.00	16	1	38.9	16	4.5	6	53.4	2.5	22	135.5	0	
	10.00 to < 100.00	6	0	20.0	6	10.0	2	4.2	5.0	1	19.1	0	
	100.00 (Default)	33	55	23.1	46	100.0	12	54.6	2.6	30	66.1	23	
	Subtotal	1,055	343	36.3	1,179	4.5	147	20.9	2.8	345	29.3	24	35

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		a	b	c	d	e	f	g	h	i	j	k	l
Exposure class	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF in %	EAD post CRM and post CCF	Average PD in %	Number of obligors	Average LGD in %	Average maturity in years	RWAs	RWA density in %	EL	Value adjustments and provisions
Corporates - Other													
	0.00 to < 0.15	1,724	771	47.0	2,087	0.1	86	29.2	3.0	371	17.8	0	
	0.15 to < 0.25	470	270	41.8	583	0.2	69	34.1	2.5	191	32.7	0	
	0.25 to < 0.50	1,386	1,051	38.1	1,786	0.3	111	37.2	2.6	849	47.5	2	
	0.50 to < 0.75	844	332	38.0	970	0.6	46	33.0	2.6	592	61.0	2	
	0.75 to < 2.50	1,700	436	38.2	1,866	1.4	109	29.6	2.7	1,329	71.2	8	
	2.50 to < 10.00	279	65	25.3	295	4.3	15	30.9	2.1	296	100.3	4	
	10.00 to < 100.00	281	114	35.3	321	14.8	26	25.7	3.0	395	122.9	14	
	100.00 (Default)	374	41	43.8	392	100.0	43	47.9	1.9	271	69.2	166	
	Subtotal	7,058	3,080	40.4	8,301	5.9	504	32.6	2.7	4,294	51.7	197	353
Retail													
Equities acc. to art. 155(3) CRR													
	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	14	-	-	14	0.4	6	90.0	5.0	27	191.9	0	
	0.50 to < 0.75	5	-	-	5	0.7	1	90.0	5.0	11	235.9	0	
	0.75 to < 2.50	15	-	-	15	1.3	8	90.0	5.0	42	280.6	0	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	0	-	-	0	100.0	1	95.1	5.0	0	61.0	0	
	Subtotal	34	-	-	34	0.8	16	90.0	5.0	81	237.4	0	-
	Equities acc. to Art. 155(2) CRR	30	25	100.0	55		45		-	204	370.0	1	-
Equities acc. to Art. 155(4) CRR													
	Other non credit-obligation assets	156	-		156		5		5.0	122	78.2		-
Total		36,747	6,115	39.9	39,190	3.7	1,618	25.1	2.7	11,854	30.3	633	807

Credit derivatives

Table CR7 shows the effect of credit derivatives purchased for hedging the loan portfolio on the capital requirements according to paragraph 108 of EBA/GL/2016/11.

Hedging with regard to credit risk mitigation only occurs with cash collaterals resulting from credit linked notes. According to Article 218 CRR collaterals resulting from credit linked notes are not treated as credit derivatives but as cash collaterals. Therefore, credit derivatives have currently no impact on the capital requirements and Table CR7 is omitted.

RWA flow statements

According to Article 92(3)(a) and Article 438 point (d) CRR in conjunction with paragraph 109 of EBA/GL/2016/11, Table CR8 shows the flow statements showing changes on the risk weighted exposure (RWA) calculated under the IRB approach and accordingly the required capital requirements with regard to the credit risk. Table CR8 does not include securitizations, counterparty credit risk and Other non credit-obligation assets according to Article 147(2)(g) CRR. Included are all participations under Article 155 CRR, not only IRBA participations for which the PD/LGD approach is applied.

[Tab. 18] CR8: RWA flow statements of credit risk exposures under the IRB approach in € m

	a	b
	RWA amounts	Capital requirements
1 RWAs as at the end of the previous reporting period 12/31/2019	13,806	1,104
2 Asset size	-1,730	-138
3 Asset quality	-377	-30
4 Model updates	25	2
5 Methodology and policy	-	-
6 Acquisitions and disposals	32	3
7 Foreign exchange movements	-27	-2
8 Other	3	0
9 RWAs as at the end of the reporting period 06/30/2020	11,733	939

Main adjustments of the RWA flow statements in the reporting period as well as key drivers will be described as follows as required by EBA/GL/2016/11.

The effect in terms of asset size results from the course of business. Details concerning the course of business are provided in the Economic Report of the Hamburg Commercial Bank's Interim Report as at 06/30/2020.

Asset quality includes the effects of all parameter changes that lead to a change in the risk weight of a transaction. Changes in LGD values also result in changes in collateralisation and valuation of collateral. In addition to the value shown in the table above, the adjustments to model parameters currently anticipated in the additional risk position in accordance with Article 3 CRR (see Section 2.2) must also be taken into account when considering asset quality. In the overall view, there is a decline in RWA in the reporting period. As soon as the anticipated model adjustments become effective, they will be included in the RWA flow statements.

The model adjustments in the first half of 2020 are mainly driven by spillover effects from the 2019 projects, in particular from the model changes in the rating module national real estate (reduction in PD) and project financing (increase in PD). For methodological changes from maintenance projects of rating procedures, the effects are spread over three quarters, i.e. 1/3 of the changes that actually take effect are distributed over each quarter.

In the period under review, there were no regulatory adjustments of any significance for the RWA flow statement, nor were there any significant changes in the investment portfolio.

The effect of foreign exchange movements results primarily from the USD exchange rate, which rose from 1.1234 EUR/USD to 1.1198 EUR/USD.

The position "Other" includes exposure changing from the standardized approach to the IRB approach (and vice versa) due to adjusted rating conditions.

Simple risk-weight approach

The IRB approach always calculates the risk weights using parameters assessed internally. Equity exposure and specialized lending exposure are exceptions. In these cases it is possible to determine risk weight using the simple risk-weight approach. Risk weighting is set by the supervisory authorities depending on fixed criteria. However, Hamburg Commercial Bank currently only partially uses the simple risk-weight approach for equity exposures. Depending on whether the equity exposure is not quoted on the stock exchange but is diversified sufficiently, or represents a quoted or another equity exposure, a risk weight of 190 %, 290 % and/or 370 % in accordance with Article 155(2) CRR is allocated.

Table CR10 shows quantitative information concerning equity exposure for which the simple risk-weight approach is used according to Article 438(2) CRR in conjunction with paragraph 70 of EBA/GL/2016/11. Significant equity holdings in a financial sector entity receive a risk weight of 250 % subject to Article 155(1) CRR in conjunction with Article 48(4) CRR. These exposures are not disclosed in Table CR10.

No information is disclosed concerning specialized lending exposure as Hamburg Commercial Bank does not calculate these exposures under the requirements of Article 153(5) CRR.

[Tab. 19] CR10: IRB equities under the simple risk-weight approach in € m

Categories	On-balance-sheet amount	Off-balance-sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Private equity exposures	–	–	190%	–	–	–
Exchange-traded equity exposures	–	–	290%	–	–	–
Other equity exposures	30	25	370%	55	204	16
Total	30	25		55	204	16

4. Counterparty credit risk

Hamburg Commercial Bank complies with EBA/GL/2016/11 for the disclosure of counterparty credit risk.

Quantitative disclosure for counterparty credit risk

Parameters for the exposure to counterparty credit risk based on the approach used are given in Table CCR₁ according to Article 439 points (e) and (f) CRR in conjunction with paragraph 114 of EBA/GL/2016/11.

According to Article 274 CRR, Hamburg Commercial Bank only uses the mark-to-market method associated with all derivative transactions. For all securities financing transactions (SFT) a comprehensive method is used which considers financial securities in accordance with Article 223 CRR. Therefore, rows 2 to 8 and 10 of Table CCR₁ remain empty. Additionally, columns a, d and e also remain empty as they should not be filled regarding this method. Pursuant to EBA guidelines, exposures to a central counterparty are not considered.

[Tab. 20] CCR₁: Analysis of CCR exposure by approach in € m

	a	B	c	d	e	f	g
	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1 Mark to market		1,891	311			2,087	792
2 Original exposure	–					–	–
3 Standardised approach		–			–	–	–
4 IMM (for derivatives and SFTs)				–	–	–	–
5 Of which securities financing transactions				–	–	–	–
6 Of which derivatives and long settlement transactions				–	–	–	–
7 Of which from contractual cross-product netting				–	–	–	–
8 Financial collateral simple method (for SFTs)						–	–
9 Financial collateral comprehensive method (for SFTs)						55	1
10 VaR for SFTs						–	–
11 Total							793

Information concerning capital requirements due to the CVA capital charge is given in Table CCR2 according to Article 439 points (e) and (f) CRR in conjunction with paragraph 115 of EBA/GL/2016.

Hamburg Commercial Bank solely uses the standardized method for determining these capital requirements. Thus, rows 1 to 3 and EU4 in Table CCR2 are not filled.

[Tab. 21] CCR2: CVA capital charge in € m

	a	b
	Exposure value	RWAs
1 Total portfolios subject to the advanced method	–	–
2 (i) VaR component (including the 3× multiplier)		–
3 (ii) SVaR component (including the 3× multiplier)		–
4 All portfolios subject to the standardised method	167	176
EU4 Based on the original exposure method	–	–
5 Total subject to the CVA capital charge	167	176

Information on risk exposure concerning counterparty credit risk calculated under the standardized approach is given in Table CCR3 pursuant to Article 444 point (e) CRR in conjunction with paragraph 117 of EBA/GL/2016/11.

For credit risk, there is a comparable presentation shown in Table CR5.

[Tab. 22] CCR3: Standardized approach – CCR exposures by regulatory portfolio and risk in € m

Exposure class	Risk weight											Total	of which unrated	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others			
1 Central governments or central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2 Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3 Public sector entities	–	–	–	–	0	–	–	–	–	–	–	–	0	0
4 Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 International organisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6 Institutions	–	195	–	–	27	–	–	–	–	–	–	–	222	222
7 Corporates	–	15	–	–	–	–	–	–	23	–	–	–	38	38
8 Retail	–	–	–	–	–	–	–	0	–	–	–	–	0	0
9 Secured by mortgages on immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Exposures in default	–	–	–	–	–	–	–	–	–	0	–	–	0	0
11 Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Total	–	210	–	–	27	–	–	0	23	0	–	–	260	260

Information concerning counterparty credit risk, which is calculated using the IRB approach, is given in Table CCR₄ in accordance with Article 452 point (e) CRR in conjunction with paragraph 118 of EBA/GL/2016/11. Thereby, the exposure to central counterparties is not listed.

There will be no further description for geographical locations for counterparty credit risk according to Article 452 point (j) subpoint (i) CRR as more than 99 % (within IRB approach) of the counterparty credit risk is held nationally.

[Tab. 23] CCR₄: IRB approach – CCR exposures by portfolio and PD scale in € m

Exposure class	PD scale	a EAD post CRM	b Average PD in %	c Number of obligors	d Average LGD in %	e Average maturity in years	f RWAs	g RWA density in %
Central governments and central banks								
	0.00 to < 0.15	121	–	3	20.5	4.3	–	–
	0.15 to < 0.25	–	–	–	–	–	–	–
	0.25 to < 0.50	–	–	–	–	–	–	–
	0.50 to < 0.75	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Subtotal	121	–	3	20.5	4.3	–	–
Institutions								
	0.00 to < 0.15	374	0.1	35	18.4	3.8	65	17.2
	0.15 to < 0.25	180	0.2	6	9.2	4.9	31	17.3
	0.25 to < 0.50	–	–	–	–	–	–	–
	0.50 to < 0.75	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Subtotal	554	0.1	41	15.4	4.2	96	17.2
Corporates - Specialised lending								
	0.00 to < 0.15	338	0.1	85	55.0	2.7	125	37.0
	0.15 to < 0.25	31	0.2	20	57.7	2.7	15	48.6
	0.25 to < 0.50	84	0.3	55	56.5	3.4	73	87.6
	0.50 to < 0.75	45	0.6	18	60.2	3.6	52	115.3
	0.75 to < 2.50	182	1.4	20	11.4	4.6	50	27.5
	2.50 to < 10.00	7	5.2	7	58.2	3.0	13	172.5
	10.00 to < 100.00	1	19.8	2	56.1	2.5	3	248.8
	100.00 (Default)	172	100.0	5	9.5	5.0	97	56.4
	Subtotal	861	20.5	212	37.2	3.6	428	49.8
Corporates - SME								
	0.00 to < 0.15	2	0.1	2	13.5	2.5	0	5.8
	0.15 to < 0.25	7	0.2	1	63.8	2.5	4	58.2
	0.25 to < 0.50	25	0.4	13	56.8	2.5	16	63.9
	0.50 to < 0.75	–	–	–	–	–	–	–
	0.75 to < 2.50	4	1.3	17	36.2	2.5	3	65.7
	2.50 to < 10.00	0	4.4	2	63.8	2.5	0	138.2
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Subtotal	38	0.4	35	53.9	2.5	23	60.8
Corporates - Other								
	0.00 to < 0.15	155	0.1	24	26.9	3.3	38	24.2
	0.15 to < 0.25	15	0.2	13	59.2	2.5	9	57.3
	0.25 to < 0.50	55	0.4	31	30.0	4.6	31	55.9
	0.50 to < 0.75	19	0.7	12	55.3	4.4	25	132.3
	0.75 to < 2.50	17	1.0	19	49.3	3.3	20	116.1
	2.50 to < 10.00	43	3.0	4	50.8	5.0	82	191.0
	10.00 to < 100.00	3	10.0	2	60.6	2.7	7	279.6
	100.00 (Default)	1	100.0	4	66.0	2.1	1	64.0
	Subtotal	308	1.0	109	35.8	3.8	212	68.9
Retail								
Equities acc. to Art. 155(3) CRR								

Exposure class	PD scale	a	b	c	d	e	f	g
		EAD post CRM	Average PD in %	Number of obligors	Average LGD in %	Average maturity in years	RWAs	RWA density in %
	0.00 to < 0.15	–	–	–	–	–	–	–
	0.15 to < 0.25	–	–	–	–	–	–	–
	0.25 to < 0.50	–	–	–	–	–	–	–
	0.50 to < 0.75	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Subtotal	–	–	–	–	–	–	–
Equities acc. to Art. 155(2) CRR		–	–	–	–	–	–	–
Equities acc. to Art. 155(4) CRR		–	–	–	–	–	–	–
Other non credit-obligation assets		–	–	–	–	–	–	–
Total		1,882	9.6	400	29.8	3.8	759	40.4

Gross positive fair value and net credit exposures

The extent to which Hamburg Commercial Bank is involved in derivatives and SFTs and to what extent netting is used is set out in Tables CCR5-A and CCR5-B in accordance with Article 439 point (e) CRR in conjunction with paragraphs 120 to 122 of

EBA/GL/2016/11. Eligible collateral and net credit exposures are also disclosed. Only collaterals eligible in the standardized approach for credit risk directly reduces the exposure values, whereas under the advanced IRB approach collaterals are incorporated in the determination of LGD (see also Section 3.3).

[Tab. 24] CCR5-A: Impact of netting and collateral held on exposure values in € m

	a	b	c	d	e
	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1 Derivatives	3,096	– 1,205	1,892	897	994
2 SFTs	55	–	55	50	5
3 Cross-product selling	–	–	–	–	–
4 Total	3,151	– 1,205	1,947	947	999

[Tab. 25] CCR5-B: Composition of collateral for exposures to CCR in € m

	a		b		c		d		e		f	
	Collateral used in derivative transactions						Collateral used in SFTs					
	Fair value of collateral received				Fair value of posted collateral				Fair value of collateral received		Fair value of posted collateral	
	Segregated		Unsegregated		Segregated		Unsegregated					
Cash - Euro	–	367	–	1,799	–	–	–	–	–	–	–	
Cash - other than Euro	–	82	–	109	–	–	–	50	–	–	–	
Securities	–	–	–	–	–	–	–	–	–	–	55	
Real estate	–	381	–	–	–	–	–	–	–	–	–	
Receivables	–	0	–	–	–	–	–	–	–	–	–	
Guarantees	–	34	–	–	–	–	–	–	–	–	–	
Other collaterals	–	34	–	–	–	–	–	–	–	–	–	
Total	–	897	–	1,908	–	–	–	50	–	–	55	

Credit derivatives

Hamburg Commercial Bank discloses the use of credit derivatives in accordance with Article 439 points (g) and (h) CRR in

conjunction with paragraph 123 of EBA/GL/2016/11 in Table CCR6.

Collateralization for the purpose of credit risk mitigation only occurs with cash collaterals resulting from credit linked notes. According to Article 218 CRR collaterals resulting from credit linked notes are not treated as credit derivatives but as cash collaterals. Therefore, the nominal amount of the hedging with credit derivatives is zero and all credit derivatives are dis-

closed in column c1 and c2 (other credit derivatives). Accordingly, beyond the product differentiation of EBA/GL/2016/11 there is no further breakdown by types of default risk exposures with regard to Article 439 point (g) CRR.

With regard to credit derivatives, Hamburg Commercial Bank acts both as a collateral taker (buyer) and as a collateral giver (seller). Furthermore, there are no brokerage transactions.

[Tab. 26] CCR6: Credit derivatives exposures in € m

	a	b	c1	c2
	Credit derivative hedges		Other credit derivatives	
	Protection bought	Protection sold	Protection bought	Protection sold
Notionals				
Single-name credit default swaps	-	-	44	17
Index credit default swaps	-	-	-	100
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	-	-	44	117
Fair values				
Positive fair value (asset)	-	-	10	6
Negative fair value (liability)	-	-	-	-0

Column c acc. to EBA/GL/2016/11 results from the sum of columns c1 and c2.

Central counterparties

Beside the disclosure for counterparty credit risk which is shown in Tables CCR1 and CCR2, supplementary information for central counterparty according to Article 439 points (e) and (f) CRR

in conjunction with paragraph 116 of EBA/GL/2016/11 is disclosed in Table CCR8. Hereby, only the direct engagement towards central counterparties is disclosed which means that transactions concluded by clearing members are not included.

[Tab. 27] CCR8: Exposures to CCPs in € m

	a	b
	EaD post CRM	RWA
1 Exposures to QCCPs (total)		1
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1	0
3 (i) OTC derivatives	-	-
4 (ii) Exchange-traded derivatives	1	0
5 (iii) SFTs	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	
8 Non-segregated initial margin	-	-
9 Prefunded default fund contributions	8	1
10 Alternative calculation of own funds requirements for exposures		-
11 Exposures to non-QCCPs (total)		-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13 (i) OTC derivatives	-	-
14 (ii) Exchange-traded derivatives	-	-
15 (iii) SFTs	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	
18 Non-segregated initial margin	-	-
19 Prefunded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

5. Market risk

Capital requirements

Hamburg Commercial Bank applies the prescribed or selectable standard procedure pursuant to Part 3 Title IV Chapters 2 to 4 CRR for the regulatory calculation of capital requirements for market risk. The bank does not apply its own risk model under Part 3 Title IV Chapter 5 CRR and does not hold a correlation trading portfolio.

Table MR1 shows the own funds requirements for market risk in accordance with Article 445 CRR in conjunction with paragraph 127 of EBA/GL/2016/11.

In the semi-annual reporting period, interest rate and foreign exchange risk increased.

[Tab. 28] MR1: Market risk under the standardized approach in € m

		a	b
		RWAs	Capital requirements
Outright products			
1	Interest rate risk (general and specific)	135	11
2	Equity risk (general and specific)	1	0
3	Foreign exchange risk	201	16
4	Commodity risk	–	–
Options			
5	Simplified approach	–	–
6	Delta-plus method	0	0
7	Scenario approach	–	–
8	Securitisation (specific risk)	–	–
9	Total	337	27

6. List of abbreviations

ABF	Asset Backed Funding
ABS	Asset Backed Securities
AIRB	Advanced Internal Ratings Based
ALCO	Asset Liability Committee
AMM	Additional Monitoring Metrics for Liquidity Reporting
AT1	Additional Tier 1 Capital
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)
BCBS	Basel Committee on Banking Supervision
CCF	Credit Conversion Factor
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CM	Capital Markets
COREP	Common Solvency Ratio Reporting
CRD IV	Capital Requirements Directive (2013/36/EU)
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation (Regulation (EU) No. 575/2013)
CRSA	Credit Risk Standardized Approach
CVA	Credit Valuation Adjustments
DSGV	Deutscher Sparkassen- und Giroverband (German Association of Savings Banks and Giro Banks)
EaD	Exposure at Default
EBA	European Banking Authority
ECA	Export Credit Agency
ECAI	External Credit Assessment Institutions
EGBG	Einführungsgesetz zum Bürgerlichen Gesetzbuche (Introductory law to the German Civil Code)
ECB	European Central Bank
EKU	Eigenkapitalunterlegung (own funds requirements)
EL	Expected Loss
EMIR	European Market Infrastructure Regulation
FINREP	Financial Reporting
FIRB	Foundation Internal Ratings Based
Fitch	Fitch Ratings
FVPL	Fair Value through Profit or Loss
FX risk	Foreign Exchange risk
GL	Guideline
HGB	Handelsgesetzbuch (German Commercial Code)
ICRE	International Commercial Real Estate
IFRS	International Financial Reporting Standard
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Rating Based
IRBA	Internal Rating Based Approach
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Loan Corporation)

KWG	Gesetz über das Kreditwesen/Kreditwesengesetz (German Banking Act)
LCH	London Clearing House
LCR	Liquidity Coverage Ratio
LFT Risk	Liquidity Value at Risk
LGD	Loss Given Default
LMS	Liquidity Maturity Statement
Ltd.	Limited
LVaR	Liquidity Value at Risk
MaRisk	Mindestanforderungen an das Risikomanagement (Minimum Requirements for Risk Management)
Moody's	Moody's Investors Service
NPL	Non-performing Loan
NSFR	Net Stable Funding Ratio
OTC	Over the Counter
PD	Probability of Default
P&L	Profit and Loss
RC	Risk Control
RSU	RSU Rating Service Unit GmbH & Co. KG
RWA	Risk Weighted Assets
SFA	Supervisory Formula Approach
SFT	Securities Financing Transactions
SME	Small and medium-sized Enterprises
SolvV	Solvabilitätsverordnung (German Solvency Regulation)
SPV	Special Purpose Vehicle
SR	S Rating und Risikosysteme GmbH
SRF	Strategic Risk Framework
S & P	Standard & Poor's
T1	Tier 1 Capital
T2	Tier 2 Capital
VaR	Value-at-Risk

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